Audit's NEWS ANALYSIS OF SECURITIES OF REAL ESTATE INVESTMENT TRUSTS

JUN 11 1973

Realty Trust Review

Monday, June 11, 1973 VOL. IV, No. 11

Report on two special situations: *C.I. Realty Investors, USF Investors*..... 2

VALUE GUIDE TO TRUSTS REVIEWED IN THIS ISSUE

Trust	Port. yield	-6Mo.Port.Chng.- Last	E Next	Lever. Ratio	Price	Div. yield	Page
Equity and mortgage combination trusts							
Amer. Realty	13.68%	11%	10%	1.31	$10.13	9.9%	4
Berg Enter RE	10.36	NO	30	0.09	6.38	10.6	3
~~Builders Inv. Gr.~~	12.09	55	34	2.78	26.50	12.0	3
Income M&Rlty.	11.25	49	30	2.71	10.25	9.7	3
Investors Rlty	14.41	7	10	1.76	13.25	10.8	4
Miller(Henry)Rl.	15.24	58	46-67	1.42	13.50	9.4	4
NJB Prime Inv.	12.56	59	25	1.23	19.25	11.8	5
~~Pease & Ell.~~	12.67	NO	48-71	2.27	14.00	9.7	5
~~Riviere Rlty.~~	16.53	1	5	1.23	9.88	9.7	5
Saul (B.F.) REIT	13.53	17	28	1.02	15.50	10.0	6
Walter (Jim) Inv.	12.36	37	29-57	1.04	14.13	10.7	6
Long & short-term mortgage and specialty trusts							
Atlanta Nat.RET	12.02	- 1	30	0.21	13.63	11.4	6
Hospital Mtg.	12.09	13	25	0.39	18.75	11.4	7
Hotel Inv.	10.87	14	14	0.51	16.63	12.2	7
Inst. Inv. Tr.	12.01	-12	36	0.39	12.50	10.8	7
Mtg. Growth Inv.	10.95	6	10	0.00	12.00	9.3	8
~~Old Stone Mtg.~~	12.06	0	16	0.56	13.50	9.1	8
~~Western Mtg.~~	11.58	13	10	1.11	8.38	9.5	8
AVERAGES	12.57%	20%	24%	1.11		10.4%	

These three measures are selected to aid investors. Averages for the measures are shown so each trust may be compared to the average. Portfolio yield is a general measure of risk to the investor, with highest yields typically the riskiest. Changes in funded portfolio indicate relative dynamism in earning assets, although holdings of equity typically will increase much more slowly than a mortgage portfolio. Leverage ratio indicates a trust's ability to obtain external non-convertible funds, although recent financings or policy decisions may lower this ratio temporarily. Leverage is the ratio of all non-convertible debt which is working to produce return to the trust's capital (equity plus convertibles). NO-No operations.

MOST EQUITY AND MORTGAGE COMBINATION TRUSTS, SPECIALTY TRUSTS OFFER VARIABLE YIELD

The 18 trusts reviewed this issue are viewed mainly as vehicles for variable income. Beginning this issue, our analysts will be classifying most trusts into four main categories, as follows:

Stable income: Dividends relatively level historically and believed to be covered; share price fluctuates in a narrow range historically (although the market's valuation of a given dividend stream may vary). Included are: *Riviere Realty; The Hotel Investors; Mortgage Growth*

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION $84 ANNUALLY SINGLE COPY $ 5 GROUP RATES ON REQUEST

THREE KEY RATIOS

	Loss Res.#	Prob. Loans#	Expense ratio*
Amer. Rlty.	None	None	1.05%
Atlanta Nat.	0.59	0.5%	2.23
Berg. Ent.	0.08	None	2.62
Builders IG	0.20	None	1.82
Hosp. Mtg.	0.39	None	1.42
Hotel Inv.	0.29	None	1.30
Income M&R	0.16	None	0.52
Inst. Inv.	0.93	5.2	1.90
Investors R.	None	None	0.76
Miller (Hen.)	None	None	1.51
Mtg.Grow.In.	0.20	None	1.80
NJB Prime	0.18	4.14	2.05
Old Stone	0.03	None	0.93
Pease & Ell.	None	None	2.27
Riviere Rl.	None	None	NA
Saul (B.F)	0.54	3.8	1.50
Walter (Jim)	0.12	None	2.07
Western Mtg.	0.46	None	2.32
Avgs.	0.23%	0.8%	1.65%

#Based on latest gross portfolio.
*Based on avg. fundings. NA-Not applicable.

Investors; Western Mortgage.

Variable income indicates quarterly dividends are subject to some fluctuation up or down and hence yields are more speculative; share prices may fluctuate more and hence many are for speculative appreciation also. Category includes several new trusts whose earnings and dividends should benefit as funds are invested (and which are not mature enough to have their earnings weighed down by assets idled through problem loans). Included: *American Realty, NJB Prime, Pease & Elliman Realty, Jim Walter Investors, Hospital Investor. Builders Investment Group* is included, with a generally rising trend.

Moderate appreciation potential covers higher quality shares generally suitable for longer-term holdings for equity buildup and rising dividend trends. *B.F. Saul REIT* is in this category. *Investors Realty Trust* has moderate appreciation but variable income.

Speculative trusts are viewed as having risk (or reward) potentials both from price fluctuations and dividend changes. *Atlanta National Realty* (formerly Hospital Investors) and *Berg Enterprises Realty* are included.

The table at left presents three key variables requested by some subscribers. The problem loan ratio (i.e., the percentage of investments not presently earning income) for the group is not significant, since the list includes a great many newer trusts which have no real operating record.

TWO SPECIAL SITUATIONS: C.I. REALTY, USF INVESTORS

The market decline has dealt especially severely with two realty trust issues and opened very special opportunities for investors at this market juncture. *C.I. Realty Investors* has plummeted to nearly half of book value of $23.16 per share on trust announcement that cash flow was expected to be down moderately in the immediate future, most likely the May and August quarters. The expected lower comparisions are attributed to lease expirations on about 10% of CIR's 1.4 million sf of office space in two mid-Manhattan towers. A new lease covering the bulk of the space has already been approved by the executive committee of a major corporation and signing is expected to be a matter of paper processing, with occupancy expected before year-end. The space is well-maintained and rentals are below competitive space, yet still permit adequate returns to the trust. CIR has appointed a new property manager for the 8,195 apartment units it owns, the trust's other major holding, and occupancies are moving upward. A top management change is expected to have beneficial effect. We expect moderate erosion of CIR's $0.32/sh. dividend of the latest quarter but think the shares at $12.00 (OTC) can be bought for adequate yield we estimate at around 10%.

USF Investors shares have sagged in recent trading sessions reflecting concern over the trust's affiliation with troubled U.S. Financial Corp., whose stock has not traded since last Thanksgiving. Trustees have formed a committee to review the advisory contract with a majority-owned subsidiary of U.S. Financial and future relations between the two. The committee will report before the contract expires June 30. Out of this we expect a name change and possibly change of sponsorship. The trust is moving rapidly to separate its affairs from those of U.S. Financial and most joint-venture borrowers with U.S. Financial affiliation (about 25% of commitments) are seeking other fund sources. We believe the dividend will be maintained at or near present levels ($2.92 annualized) and see the shares at $17½ (OTC) as attractive for a estimated 16.4% yield and probable price recovery. (KDC)

BERG ENTERPRISES REALTY GROUP (ASE-BRT)--FY ends Nov. 30--Price:6 3/8

Investment Record-Mil.$--			Key Ratios---		Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap. Ret.	EPS Prim.	Diluted	Div.
2/73	$ 14.1	$12.2	$12.9	10.36%	7.43%	$0.17	$0.17	$0.17

Portfolio dynamics: This is the first qtr. of operation for the trust. Based on current commitments of $26.7M the portfolio of trust is 46% constr.; 21% land devel.; 16% equity; 10% long-term; 7% intermediate. Investments are located in 13 states with some concentration in the Southeast. No problem loans in the portfolio. Some 75% of loans are tied to prime. Mgmt. expects short-term investments to show the greatest growth in the next 6 months and we expect portfolio to increase by 30-40% over the next 2 qtrs. Financing: Capital of trust is $12.9M, all equity with 1.40M shares. Debt is $1.2M, all mtg. No public financing in next 6 months. Adviser: A subsidiary of Berg Enterprises, a real estate service company. Six month outlook: Substantial portfolio growth coupled with adequate yield should result in good earnings and dividend gains near term. An overhang of 100% due to warrants a long-term negative. Shares at this juncture are primarily for speculative appreciation and adequate income. (VCK)

BUILDERS INVESTMENT GROUP (NYSE-BSG)--FY ends Sept. 30--Price:26½

Investment Record-Mil.$---			Key Ratios---		Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap. Ret.	EPS Prim.	Diluted	Div.
9/72	$144.7	$125.2	$58.3	12.86%	11.21%	$0.63	---	$0.63
12/72	196.0	171.4	58.5	12.35	12.60	0.72	0.56	0.72
3/73	222.6	193.6	58.2	12.09	13.99	0.80	0.61	0.80

Portfolio dynamics: Investments increased 55% over the last 6 months. Current portfolio is 37% constr.; 25% land & land devel.; 26% other mtg.; 12% real estate. Investments are located in 30 states, P.R. and Canada with about 42% in the Northeast. Trust has no problem loans. Some 81% of loans are tied to prime. Mgmt. expects the funded portfolio to be about $260M by Sept. '73, a 34% gain, with composition about the same although land purchase leasebacks will be getting more emphasis. Condominium financing, which now represents some 30% of funded loans, will remain strong. Financing: Capital of trust is $58.2M, all equity with 2.5M shares. Debt of $162.0M is 55% bank borrowings, 22% commercial paper, 20% subor. deben., 3% mtg. Trust plans no public offering in next 6 months since it is negotiating a financing in the private sector. Adviser: Housing Securities, Inc., affiliate of building materials producer Certain-teed Products Corp. Six month outlook: Substantial growth in fundings even despite the slight drop in the relatively high portfolio yield is favorable. An overhang of 106% due to warrants should not seriously impar near term results. Trust shares are mainly for speculative appreciation and variable income in a rising trend. (VCK)

INCOME MORTGAGE AND REALTY SHARES (OTC-INMRS)--FY ends Dec. 31--Price:10¼

Investment Record-Mil.$--			Key Ratios--		Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap. Ret.	EPS Prim.	Cash Fl.	Div.
9/72	$20.4	$19.4	$7.8	14.78%	11.17%	$0.20	$0.25	$0.225
12/72	26.9	23.0	8.1	12.10	8.31	0.10	0.17	0.25
3/73	31.2	28.9	8.3	11.25	9.53	0.15	0.20	0.25

Portfolio dynamics: Portfolio gained 49% during the last 6 months. Current fundings are 65% constr. junior, wrap-around; 31% buildings, improvements and leasehold; 4% land. Bulk of investments are located in Michigan and the San Antonio, Texas area. About 25% of constr. loans are tied to prime. No problem loans in portfolio. Mgmt. expects short-term area of portfolio to increase over the next 6 months with equity portion remaining level. We are estimating a 30% gain in fundings in the next 2 qtrs. Financing: Capital of trust is $8.3M, all equity with 1.01M shares. Debt amounts to $22.6M with 64% in bank notes and 36% in mtg. Trust has a $10M convt. sub. deben. with contingent warrants offering in registration. Adviser: Kelly Mtg., which is merging with Northern States Bank Corp., a bank holding company. Six month outlook: Declining portfolio yield will have to be remedied before the healthy funding gains can be translated into earnings and dividend increases. Overhang of 47% due to warrants a negative. (VCK)

AMERICAN REALTY TRUST (ASE-ARB)--FY ends Sept. 30--Price:10 1/8

------Investment Record-Mil.$---				------Key Ratios--		------Share Results-----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	$38.2	$35.0	$16.1	3.96%*	14.36%	$0.27	$0.22	$0.15
12/72	40.8	35.7	16.3	14.20	11.67	0.21	0.20	0.15
3/73	46.4	39.0	16.3	13.68	11.62	0.21	0.18	0.20

Portfolio dynamics: Investments increased 11% over the last 2 qtrs. Latest fundings are 57% building & equip.; 15% land; 21% land acq. & devel. loans; 7% junior. Portfolio presently consists of 23 properties with 5 more properties in various stages of development as well as a 50-50 joint venture deal in Atlanta with Harry Hemsley. Most are hotel-motel properties. The acquisition of Imperial 400 National Inc., a hotel-motel owner-operator and real estate developer, is still pending and a July 19th court decision is awaited. All short term loans are tied to prime and mgmt. expects these investments to increase significantly late in 1973. Trust is continuing to emphasize development activity. We estimate a 10% increase in fundings in next 6 months. Financing: Trust capital of $19.0M is 85% equity with 2.12M shares and 15% in 7% convt. subor. deben. Debt of $24.8M is 64% notes and 36% mtg. A senior debt financing is expected within the next 60 to 90 days. Adviser: Trust is self-administered by a staff of 5 people. Six month outlook: Moderate funding gains and high though slightly declining portfolio yield indicate stable or slight gain in earnings and dividends. An overhang of 52% due to warrants a longer-term negative. Shares which carry a variable yield are for speculative appreciation. (VCK)

*Reflects year-end adjustment for net leases.

INVESTORS REALTY TRUST (ASE-IRT)--FY ends Nov. 30--Price: 13¼

------Investment Record-Mil.$---				------Key Ratios---		------Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap. Ret.	EPS Prim.	Cash Fl.	Div.
8/72	$51.4	$49.2	$20.2	14.03%	11.36%	$0.23	$0.33	$0.32
11/72	52.6	50.3	20.0	14.69	12.44	0.25	0.36	0.34
2/73	55.2	52.7	19.9	14.41	12.46	0.25	0.37	0.36

Portfolio dynamics: Investments managed a gain of 7% over the past 6 months. Latest fundings are 70% land & building; 7% land purchase leasebacks; 10% constr. with remainder in land, land devel., intermediate and second mtg. Holdings are located in 13 states and Wash. D. C. with concentrations in South and Southeast. There are no problem holdings. About 60-75% of short-term loans are tied to prime. Mgmt. expects composition of portfolio to remain unchanged with any buildup in equity holdings. We estimate a 10% growth in fundings over next six months. Financing: Capital of $19.9M is all equity with 1.58M shares. Debt of $35.1M is 55% mtg. on property and 34% bank loans. A $15M offering of subor. deben. with warrants is planned for June. Adviser: Sub. of Crescent Prop.,Memphis real estate and mtg. banking firm. Six month outlook: Moderate fundings gains, high portfolio yield,adequate financing for future investments and no dilution from warrants should produce moderate gains in earnings and dividends. Shares are for variable income with moderate appreciation over the longer term. (VCK)

MILLER (HENRY S.) REALTY TRUST (OTC-HSMTS)--FY ends Feb. 28/29--Price: 13½

------Investment Record-Mil.$------				------Key Ratios------		----Share Results---	
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Div.
8/72	$17.0	$15.2	$10.3	18.07%	9.65%	$0.33	$0.33
11/72	17.6	16.8	10.4	17.02	11.08	0.40	0.38
2/73	25.1	24.0	10.3	15.24	7.38	0.22	0.32

Portfolio dyanmics: Holdings grew 58% over the last 2 qtrs. Current investments of $24.0M are 46% buildings & improvement; 27% land; 12% intermediate; 8% land & devel.; 4% junior mtg.; 3% constr. Trust presently owns 15 properties amounting to $17.3M with 64% in shopping centers; 32% in office buildings; 4% in warehouses. Investments are located in 6 states with heaviest concentration in Texas. No problem investments. About 69% of loans are tied to prime & new loans are being tied to prime. Mgmt. expects portfolio to grow to $35-40M, a 46-67% gain, over the next year. Financing: Capital is $10.3M, all equity with 560T shares. Debt of $14.6M is 62% mtg. and 38% bank borrowings. No public financing in next 6 months. Adviser: Henry S. Miller Co., a major Southwest real estate firm. Six month outlook: Decline in portfolio yield must be reversed before funding gains can produce renewed earnings and dividend gains. No dilution due to warrants. Shares for variable yield and regional representation. (VCK)

NJB PRIME INVESTORS (ASE-NJB)--FY ends Nov. 30--Price:19¼

------Investment Record-Mil.$---				------Key Ratios--		------Share Results----		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	$38.3	$35.3	$13.7	12.56%	9.69%	$0.50	$0.44	$0.50
11/72	52.5	47.9	18.7	12.97	10.70	0.59	0.49	0.54
2/73	64.6	56.3	22.0	12.56	11.38	0.61	0.53	0.57

Portfolio dynamics: Investments rose by 59% over the last 2 qtrs. Latest portfolio is 50% constr. & devel.; 25% land purchases & leasebacks; 11% improved property; 7% permanent & intermediate; 4% junior; 3% land. Investments are located in 19 states with heaviest concentration in Florida. One problem loan of $2.5M was acquired via foreclosure. About 80% of loans are tied to prime rate and all new loans are being tied to prime. Mgmt. expects portfolio composition to remain the same over the next six months when we expect a 25% gain in fundings. Financing: Capital of $28.5M is 77% equity (w. 1.17M shares) and 23% of 6 3/4% convt. sub. deben. Debt amounts to $35.1M with 88% in bank loans and 22% in mtg. On April 12, 1973 trust offered 250T units at $100 per unit of 7% sub. deben. with warrants. Adviser: NJB Prime Advisors, a joint venture between New Jersey Bank and Prime Equities. Six month outlook: Healthy gains in fundings plus fairly high portfolio yield should bring continued earnings and dividend increases. Dilution due to new warrants is minimal. Shares are for variable yield and speculative appreciation potential. (VCK)

RIVIERE REALTY TRUST (OTC-RIVI6)--FY ends Dec. 31--Price: 9 7/8

------Investment Record-Mil.$---				------Key Ratios--		------Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Cash Fl.	Div.
12/70	$15.7	$15.2	$ 7.2	19.86%	10.60%	$0.67	$0.88	$0.88
12/71	16.3	15.6	7.1	17.40	11.54	0.76	0.98	0.88
12/72	16.9	15.8	7.4	16.53	10.48	0.68	0.89	0.90

Portfolio dynamics: Portfolio gained 1% during the 12 months ended Dec.'72. Trust portfolio of $15.8M consists of 15 investments composed of 11 equity holdings, 2 first trust land loans, 1 junior loan convt. into equity and 1 leasehold deed with an option to purchase a 50% ownership interest. Investments are located in 6 states and Wash. D.C. with some concentration in the Indianapolis, Ind. area. Mgmt. expects the portfolio to grow by at least 10% during 1973 with all new investments going into equity. Financing: Trust capital of $7.4M is all equity with 783T shares. Debt of $9.1M is all mtg. No public financing as trust is using bank lines to increase portfolio. Adviser: J.D. Riviere & Co., Inc., a Wash. D. C. real estate firm. Six month outlook: Steady though slow growth in fundings when matched with a high though declining yield point to very moderate gains in earnings and dividends. No dilution due to warrants. Shares are for stable income. (VCK)

PEASE & ELLIMAN REALTY TRUST (ASE-PNE)--FY ends Dec. 31--Price: 14

----Investment Record-Mil.$----				------Key Ratios------		------Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
12/72*	$24.1	$11.4	$20.0	NC	NC	$0.05	$0.05	----
3/73	24.4	20.7	20.4	12.67%	8.12%	0.35	0.35	0.34

*One month of operation, trust began operation in Dec.'72 after Nov.'72 offering.

Portfolio dynamics: Investments had an 81% gain in the last 3 months, first period of funding. Latest portfolio is 56% land leasebacks; 25% constr. & other mtg.; 19% shopping center. There are presently 16 properties in the portfolio located in 8 states. No problem loans. Some 50% of short-term mtgs. are tied to prime and new loans are being tied to prime. Mgmt. expects to add $10-15M to portfolio in next six months, representing a 48-71% gain, with more emphasis on short-term mtg., although equity will also increase. Financing: Capital of $20.4M is all equity with 1.11M shares. Debt of $4.0M is all mtg.. No public financing in next 6 months. Adviser: Realty Advisors, Inc., newly formed independent company 27% owned by the president of Pease & Elliman, Inc., New York real estate company. Six month outlook: Healthy portfolio gains and good yield during start-up phase should bring gains in dividends and earnings. Overhang of 100% from warrants a longer-term negative. Shares mainly for variable income and speculative appreciation. (VCK)

B.F. SAUL REIT (OTC-SAULS)--FY ends Sept. 30--Price:15½

Investment Record-Mil.$				Key Ratios		Share Results		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
9/72	$199.3	$183.4	$72.0	14.29%	10.80%	$0.39	$0.39	$0.37
12/72	225.8	204.4	74.2	13.72	11.07	0.39	0.39	0.38
3/73	236.2	215.4	74.5	13.53	11.53	0.41	0.40	0.39

Portfolio dynamics: Holdings rose 17% the past two quarters and a sustained high level of commitment volume indicates accelerated increases; we estimate about a 28% gain the next six months. Holdings are 65% first mortgage constr. loans; 35% equity investment in properties, incl. subordinated land purchase/leasebacks. The 14-stores and shopping centers of Giant Food Properties, acquired January 1972 (see RTR, Aug. 14'72), are being assimilated well; overages continue high while one 20T sf store vacated by J.C. Penney is being re-rented. Three problem loans with total investment of $8.2M (or 3.8% of holdings) appear well under control: occupancy in a Baytown, Tex. apartment acquired from a land tenant is now over 90%, up 10%; sale of a $4.4M incomplete shopping center in Lexington is expected this summer; completion of a $3M apartment with cost overruns in Denver is being monitored closely. New commitments are primarily in constr. loans and land purchase/leasebacks. Financing: Capital of $113.2M is two-thirds equity (w. 5.61M sh.) and 34% convertibles. Debt of $115.8M is 48% bank borrowings, 30% mtgs. on property and 22% of 8½% subordinate notes sold in March. Bank lines total $166½M and a $25M five-year term loan has been obtained. Adviser: B.F. Saul Co., independent Washington real estate company. Six month outlook: Real estate expertise in generating investments and coping with problem investments is superior. There is no warrant overhang. Shares, though down a bit with the group, still command a premium multiple and are for moderate appreciation longer-term. (KDC)

JIM WALTER INVESTORS (OTC-WALJS)--FY ends July 31--Price:14 1/8

Investment Record-Mil.$				Key Ratios		Share Results		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
10/72	$29.2	$25.6	$19.1	11.90%	5.91%	$0.19	$0.26	$0.22
1/73	36.9	32.9	19.1	12.01	7.76	0.27	0.35	0.30
4/73	39.4	35.1	19.1	12.36	8.39	0.31	0.38	0.38

Portfolio dynamics: Fundings increased 37% in the last 6 months. Latest portfolio of $35.1M is 52% mtg. and 48% land and buildings. Some 70% of investments are located in Fla. with the remainder in 7 other states. No problem loans in portfolio. About 70% of mtg. loans are tied to prime and new loans are being made at the higher of the commercial paper or prime rate. Mgmt. expects the portfolio to grow by $10-20M, a 29-57% gain, in next 6 months with almost all growth in the short-term portion. Financing: Capital of $19.1M is all equity with 1.04M shares. Debt is $19.9M with 50% in bank borrowings and the other 50% in mtg. No public financing in next 6 months. Adviser: A subsidiary of Jim Walter Corp., major building material producer. Six month outlook: Healthy fundings gains matched with good and improving portfolio yield indicate earnings and dividend increases near term. Overhang of 100% due to warrant a longer term negative. Shares have variable yield and speculative appreciation potential. (VCK)

ATLANTA NATIONAL RET(Formerly Hospital Investors)-(OTC-ATNAS)--FY ends Aug.30--Price:13 5/8

Investment Record-Mil.$				Key Ratios		Share Results		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	$26.8	$25.9	$23.3	11.62%	8.61%	$0.40	$0.28	$0.40
11/72	30.8	28.7	23.3	10.50	8.21	0.38	0.35	0.38
2/73	28.2	25.7	23.3	12.02	8.47	0.39	0.36	0.39

Portfolio dynamics: The portfolio had a 1% decline in the past 6 months. Current investments are 46% short-term; 34% hospital-long-term; 13% hospital constr.-long-term; 7% other medical-constr. There is a concentration of investments in Georgia. Trust has one problem loan of $125T on which it is not accruing interest; no loss of principal is expected. All short-term loans are tied to prime and all new loans are being tied to prime. Trust's name change reflects expansion beyond medical financing into short-term area. We are estimating a 30-35% growth in fundings the next 6 months. Financing: Capital of $23.3M is all equity with 1.26M shares. Debt of $4.8M is all short-term borrowing. Trust is discussing some type of public financing in the next 6 months and the most probable form would be subor. notes. Adviser: Atlanta National Management Co., independent. Six month outlook: Strong fundings growth and improving portfolio yield should be reflected in moderate increases in earnings and dividends. Shares offer adequate yield are a speculative capital gains candidate. (VCK)

HOSPITAL MORTGAGE GROUP (ASE-HMG)--FY ends Feb. 28/29--Price:18 3/4

------Investment Record-Mil.$---				---------Key Ratios---		--------Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
11/72	$36.0	$32.1	$27.3	10.97%	8.82%	$0.51	$0.51	$0.50
2/73	35.7	31.8	27.4	11.06	9.37	0.55	0.44	0.52
5/73	39.6	36.3	27.4	12.09	10.83	0.63	NA	0.54

Portfolio dynamics: Fundings rose 13% during the last 6 months. Latest investments are 50% constr.; 27% land & land devel.; 13% permanent; 4% other; 4% intermediate; 1% land purchases. Over 60% of investments are located in Florida presently but as trust has old loans repaid new money will be invested outside Florida. No problem loans. Some 75-80% of loans are tied to prime and new loans are being made at higher of commercial paper or prime rate. Mgmt. expects portfolio to reach $45M, a 25% gain, in next 6 months. Financing: Capital is $27.4M, all equity with 1.18M shares. Debt of $10.7M is all bank notes. No public financing in next 6 months. Adviser: Hospital Mortgage Advisers Inc., affiliated with a Miami mtg. banker. Six month outlook: Substantial fundings growth plus rising portfolio yield should permit continued earnings and dividend gains. An overhang of 100% due to warrants a major negative which should not however greatly harm near-term results. Shares carry variable yield and speculative capital appreciation potential. (VCK)

INSTITUTIONAL INVESTORS TRUST (NYSE-INV)--FY ends Jan. 31--Price:12½

------Investment Record-Mil.$-----				------Key Ratios------		----Share Results----	
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Div.
10/72	$135.5	$125.6	$82.3	12.12%	11.44%	$0.38	$0.40
1/73	115.3	107.4	82.1	12.48	11.49	0.39	0.40
4/73	113.9	110.1	81.7	12.01	10.11	0.34	0.34

Portfolio dynamics: Fundings sustained a loss of 12.3% over the last 2 qtrs. due to paybacks. Composition of current portfolio of $110.1M is about 41% constr.; 32% land & devel.; 13% standing & permanent; 7% junior; 7% land purchase leasebacks. Investments are located in 30 states Wash, D.C., P.R. and Canada. Trust has 4 loans amounting to $5.7M on which it is not accruing interest. About 32% of present loans are tied to prime and all new loans are being tied to prime. Mgmt. expects portfolio to reach $170M by Jan.'74, a 55% gain, in next 9 months. Financing: Capital of $81.7M is all equity with 6.07M shares. Debt of $30.3M is 66% senior subor. notes and 34% commercial paper. On Feb.15 '73 trust offered $20M of 7 7/8% senior subor. notes due 1980. Adviser: Institutional Property Advisors, 71.2% owned by DLJ Real Estate Inc., 4.8% by Prescott, Merill, Turben & Co. and 24% by pension trusts for TRW Inc. Six month outlook: A more positive funding picture may not overcome weight of slightly declining portfolio yield and loss of interest from problem loans. No dilution due to warrants. Shares are for variable income. (VCK)

THE HOTEL INVESTORS (ASE-HOT)--FY ends Aug. 31--Price: 16 5/8

----Investment Record-Mil.$----				------Key Ratios-----		------Share Results-------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	$58.5	$56.0	$22.0	10.65%	9.63%	$0.54	$0.50	$0.51
11/72	62.2	60.2	23.2	10.80	9.73	0.54	0.50	0.51
2/73	66.1	64.0	25.5	10.87	9.80	0.56	0.50	0.51

Portfolio dynamics: The trust invests in hotels and motels making both construction and permanent mortgages. Fundings rose 14% the past 2 quar. and a gain of about this magnitude appears likely the next 2 quar., although funding of some constr. loans remains uncertain. Current fundings are 62% permanent loans; 32% constr. and short term; 6% property. Commitments have remained level the past six months, although three large projects are in negotiation. The bulk of lodging facilities financed have Marriott, Hilton, Holiday Inn, TraveLodge or Rodeway Inn franchises. A total 20 inns are now operating and 17 are producing overage rents to boost income; three are in construction. There are no problem loans. Financing: Pension trusts advised by Morgan Guaranty Trust exercised an option to buy 150,000 sh. at $20 in April, increasing capital to $45.7M (with 1.49M shares now outstanding). Capital is 59% equity, the remainder convertibles. Debt of $21.7M in February was primarily senior mtg. participations, which are being repaid partly with proceeds of a $25M seven-year term loan just signed. Adviser: Hotel Advisors, Inc., partly owned by Marriott Corp. and Hilton Hotels Corp. Six month outlook: With most const. loans floating with prime, trust appears well covered on future interest rate swings. It appears earnings increases can overcome the additional shares outstanding without imperiling the dividend. Shares are for stable income. (KDC)

MORTGAGE GROWTH INVESTORS (ASE-MTG)--FY ends Nov. 30--Price: 12

----Investment Record-Mil.$----				------Key Ratios-----		------Share Results------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Diluted	Div.
8/72	$43.0	$33.8	$16.5	10.29%	8.12%	$0.26	$0.26	$0.26
11/72	48.8	37.6	16.6	10.54	8.00	0.28	0.25	0.27
2/73	47.5	36.0	32.9	10.95	8.23	0.28	0.26	0.28

Portfolio dynamics: There was a 6% growth in fundings in the last 2 qtrs. Most recent portfolio of $36.0M is 29% constr.; 22% purchase money mtg.; 20% land leasebacks; 19% second mtg.; 10% first mtg. Investments are located in 12 states and the Bahamas with concentrations in Calif., Fla. and N.Y. No problem loans in the portfolio. About 25% of loans are tied to prime and new loans being made are tied to prime. We are estimating a 10% growth in fundings in the next 6 months. Mgmt. plans to emphasize land purchases and constr. loan investments. Financing: Capital of $46.6M is 70% in equity and 30% in 7 3/4% convt. subor. notes. There are 2.58M shares. Debt is $197T in notes. No public financing in next 6 months. Adviser: Sonnenblick-Goldman Corp., national mtg. broker and adviser to North Amer. Mtg., a short-term trust. Six month outlook: Moderate funding growth combined with improving portfolio yield should result in modest earnings and dividend gains. Overhang of 2% due to warrants minor. Shares afford stable income and moderate speculative long-term appreciation potential. (VCK)

WESTERN MORTGAGE INVESTORS (OTC-WMTGS)--FY ends Feb. 28/29--Price:8 3/8

-----Investment Record-Mil.$------				-------Key Ratios------		--Share Results--	
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Div.
8/72	$17.2	$15.0	$9.0	10.35%	8.25%	$0.18	$0.18
11/72	18.4	15.9	9.0	11.11	8.65	0.20	0.19
2/73	19.5	17.0	9.2	11.58	9.39	0.20	0.20

Portfolio dynamics: The funded portfolio rose 13% over the last 2 qtrs. Latest investments are 70% constr., devel. & other interim loans; 16% FHA & VA permanent; 8% conventional with the remainder in junior mtg. and leaseholds. Loans are located in 19 states with almost half of investments in Fla., La., Hawaii and Ohio. No problem loans in portfolio. All constr., devel. and interim loans are tied to prime and new loans are being tied to prime. Mgmt. expects the constr. and devel. portion of portfolio to build up in next 6 months. We estimate a 10% gain in fundings over this period. Financing: Capital of trust is $9.2M, all equity with 1.00M shares. Debt is $10.2M of bank notes. In early March trust arranged a $7.5M five year revolving credit and term loan at a rate not exceeding 1% over prime the first 2½ years and 1½% over prime the remaining term. The trust issued 125T warrants to buy a share at $9 in lieu of compensating balances. Trust is seeking additional financing in next 6 months. Adviser: Mortgage Advisers, independent. Six month outlook: Moderate portfolio growth matched with a rising portfolio yield should result in modest gains in earnings and dividends. Newly issued warrants would only produce a 12% dilution. Shares are for stable yield. (VCK)

OLD STONE MORTGAGE & REALTY TRUST (OTC-OSMRS)--FY ends Dec. 31--Price:13½

----Investment Record-Mil.$----				------Key Ratios-----		-------Share Results-------		
Quar.	Assets	Port.	Equity	Port.Yield	Cap.Ret.	EPS Prim.	Cash Fl.	Div.
10/72	$30.1	$28.9	$5.4	12.19%	7.60%	$0.065	$0.211	$0.20
12/72*	29.9	28.8	6.9	12.39	9.54	0.195	0.268	0.30
3/73	31.0	29.0	7.1	12.06	9.10	0.28	0.386	0.31

*Year end changed to Dec. 31 from Oct. 31; two months results.

Portfolio dynamics: Portfolio remained virtually unchanged in the past 5 months. Current investments of $29.0M are 39% first mtg.; 31% real estate; 17% first mtg. with income participations; 11% land purchase/leasebacks; 2% second mtg. Investments are located in 20 states with concentrations in Okla., Ill., Ind. and Calif. No problem loans. Trust no longer has any short-term constr. loans and mgmt. plans to emphasize long-term and equity investments. Mgmt. expects portfolio to reach $33.7M, a 16% gain, in next 6 months. Financing: Capital is $19.1M with 63% in convt. subor deben. and 37% in equity (with 653T shares). Debt of $10.8M is 72% mtg. and 28% notes. No public financing in next six months since trust just arranged a $7.5M seven-year term loan. Adviser: Affiliated with Old Stone Corp., a one-bank holding company in Providence, R.I. Six month outlook: Stronger growth in fundings together with a good though slightly descending portfolio yield should generate moderate earnings and dividend gains. An overhang of 92% due to warrants a negative. Shares have fair yield and variable income characteristic.(VCK)